

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et al.*,

Debtors.¹

PROMESA
Title III

No. 17 BK 3283-LTS

(Jointly Administered)

**URGENT MOTION OF THE FINANCIAL OVERSIGHT
AND MANAGEMENT BOARD FOR PUERTO RICO
REQUESTING EXTENSION OF DEADLINES FOR SUBMISSION OF
PLAN OF ADJUSTMENT OR TERM SHEET WITH RESPECT THERETO**

To the Honorable United States District Court Judge Laura Taylor Swain:

The Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), as Title III representative of the Commonwealth of Puerto Rico (the “Commonwealth”), the Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”), and the Puerto Rico Public Buildings Authority (“PBA”, and collectively with the Commonwealth and ERS, the “Debtors”), pursuant to section 315(b) of the *Puerto Rico Oversight, Management, and Economic Stability Act* (“PROMESA”),² respectfully submits this urgent for entry of an order,

¹ The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17-BK-3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17-BK-3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17-BK-3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17-BK-3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17-BK-4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority (“PBA”) (Bankruptcy Case No. 19-BK-5523-LTS) (Last Four Digits of Federal Tax ID: 3801) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

² PROMESA is codified at 48 U.S.C. §§ 2101-2241.

substantially in the form attached hereto as **Exhibit A** (the “Proposed Order”), extending the deadlines set forth in (i) the *Order on Joint Motion of PSA Creditors Pursuant to Section 312 of PROMESA and Section 105 of the Bankruptcy Code to Impose Deadlines for Plan of Adjustment* [ECF No. 14987] (the “Plan Scheduling Order”), and (ii) the *Order Regarding Status Report of Financial Oversight and Management Board for Puerto Rico Regarding COVID-19 Pandemic and Proposed Disclosure Statement Schedule* [ECF No. 15468] (the “COVID Status Report Order” and together with the Plan Scheduling Order, the “Scheduling Orders”) with respect to the submission of a plan of adjustment or a term sheet with respect thereto from February 10, 2021 to March 8, 2021.

Background

1. On February 9, 2020, the Oversight Board announced the execution of a Plan Support Agreement (the “Existing PSA”), which, among other things, provided a framework for a plan of adjustment for each of the Debtors.

2. Consistent with their obligations pursuant to the Existing PSA, on February 28, 2020, the Debtors filed that certain *Amended Title III Joint Plan of Adjustment for the Commonwealth of Puerto Rico, et al.* [ECF No. 11946] and the *Disclosure Statement for the Amended Title III Joint Plan of Adjustment for the Commonwealth of Puerto Rico, et al.* [ECF No. 11947].

3. On March 10, 2020, the Court entered the *Order (I) Scheduling a Hearing to Consider the Adequacy of Information Contained in the Disclosure Statement, (II) Establishing the Deadline for Filing Spanish Translation of the Disclosure Statement, (III) Establishing the Deadline for Filing Objections to the Disclosure Statement and Replies Thereto, and (IV) Granting Related Relief* (the “Disclosure Statement Scheduling Order”).

4. In response to the spread of COVID-19 throughout Puerto Rico, and its effects on the people and economy of Puerto Rico, on March 23, 2020, the Oversight Board filed the *Urgent Motion to Adjourn Hearing to Consider the Adequacy of Information Contained in the Disclosure Statement and Related Deadlines* [ECF No. 12485] (the “Adjournment Motion”), requesting that the deadlines set forth in the Disclosure Statement Scheduling Order be adjourned and the Oversight Board be permitted to file a status report regarding the COVID-19 relief efforts, economic situation on-island, and proposed schedule for a disclosure statement hearing and related deadlines.

5. On March 27, 2020, the Court granted the Adjournment Motion [ECF No. 12187], and the Oversight Board has since filed five (5) status reports with the Court [ECF Nos. 13018, 13660, 14195, 14923, and 15345].

6. On October 29, 2020, the Court entered the Plan Scheduling Order, directing the Oversight Board to file on or before February 10, 2021 (the “Filing Deadline”) “an informative motion presenting a term sheet disclosing the material economic and structural features of an amended plan of adjustment that the Oversight Board intends to propose for confirmation, and a motion for approval of a proposed timetable for the filing of an amended plan and proposed disclosure statement (if one has not yet been filed), discovery and litigation in connection with such proposal, solicitation, voting, and confirmation proceedings” (such filing, the “Informative Motion”). Plan Scheduling Order at 4.

7. On December 4, 2020, the Oversight Board filed its *Status Report of Financial Oversight and Management Board for Puerto Rico Regarding COVID-19 Pandemic and Proposed Disclosure Statement Schedule* [ECF No. 15345] (the “FOMB Status Report”), which noted that, in accordance with the Plan Scheduling Order, and with the guidance of the Mediation Team led

by the Honorable Judge Barbara J. Houser, the Oversight Board would participate in (a) group or individual informational and negotiation mediation sessions (as and when scheduled by the Mediation Team) or (b) informal sessions with the Commonwealth, the parties to the Existing PSA, the “Monolines”, the Unsecured Creditors’ Committee, the Retiree Committee, and various unions, all designed to establish a framework and timeline for the development for a consensual debt restructuring. The Oversight Board stated that while such discussions were ongoing, it might not be possible to complete all mediation sessions and informal conversations by the Filing Deadline and that the Oversight Board reserved its right to seek an extension of the Filing Deadline. The Oversight Board further requested that the next status report be provided in connection with the filing to be made in accordance with the provisions of the Plan Scheduling Order.

8. On December 18, 2020, the Court entered the COVID Status Report Order, directing the Oversight Board to file an updated status report on or before February 10, 2021.

Status of Plan Discussions

9. As noted in the FOMB Status Report and above, in accordance with the Plan Scheduling Order, and with the guidance of the Mediation Team led by the Honorable Judge Barbara J. Houser, the Oversight Board has and continues to participate in (a) group or individual informational and negotiation mediation sessions (as and when scheduled by the Mediation Team) and (b) informal sessions with the Commonwealth and many other parties, all designed to establish a framework and timeline for the development for a consensual debt restructuring. As a result of these efforts, on February 9, 2021, the Oversight Board and the principal parties to the Existing

PSA³ reached an agreement in principle regarding the terms of an amended plan of adjustment, subject to the execution of definitive documentation, including, without limitation, the execution of a plan support agreement (the “New PSA”). The Oversight Board hopes to execute and make available such documentation within a week and allow other parties (including those parties which had executed joinders to the Existing PSA) to join the New PSA.

10. The Oversight Board and the Mediation Team shall continue their efforts to gain support for and to reach a globally consensual plan of adjustment with all parties, including the Creditors’ Committee, the Retiree Committee, unions, ERS bondholders and Monolines. At this time, the Mediation Team has scheduled sessions for some of these parties, but discussions with all parties cannot be completed for several weeks.

Request for a Limited Extension

11. As set forth above, the mediation process again proved successful with creditors holding substantial amounts of GO and PBA bonds having committed to support a plan of adjustment. Based upon the execution of joinder agreements to the Existing PSA, the Oversight Board anticipates that holders of over fifty percent (50%) of outstanding Commonwealth funded indebtedness will have stated their support for a plan of adjustment. However, the Oversight Board believes that an extension of the deadlines set forth in the Scheduling Orders to March 8, 2021 to file the Informative Motion and a proposed plan of adjustment will allow the Mediation Team to schedule and conduct additional sessions with parties in interest, and the Oversight Board to further mediation discussions and increase the foundational support (across a broad spectrum of creditor claims) for a plan of adjustment.

³ Marble Ridge Capital, a party to the Existing PSA, has not been involved in mediation discussions, and upon information and belief, has liquidated their investment in GO and PBA bonds.

12. The Oversight Board is authorized to represent the above request is supported by the Mediation Team and the parties to the Existing PSA. The Government also supports the above request, and believes a workable economic framework has been achieved, although it has communicated to the Oversight Board that the Government continues to believe in (and will only support) a plan of adjustment without cuts to pension and retiree benefits. Accordingly, the Oversight Board requests that the deadlines set forth in the Scheduling Orders for the Oversight Board to file the Informative Motion and a proposed plan of adjustment be extended from February 10, 2021 to March 8, 2021.⁴

13. Pursuant to Paragraph 1.H of the *Thirteenth Amended Notice, Case Management and Administrative Procedures* [ECF No. 13512-1] (the “Case Management Procedures”), the Oversight Board certifies it has carefully examined the matter and concluded there is a true need for an urgent motion; it has not created the urgency through any lack of due diligence; by preparing for and participating in all scheduled mediation sessions it has made a bona fide effort to incorporate all parties but has been unable to meet with all parties so far, and thereby attempted to resolve the matter without a hearing; and has made reasonable, good-faith communications in an effort to resolve or narrow the issues being brought to the Court.

Notice

14. The Oversight Board has provided notice of this motion in accordance with the Case Management Procedures to the following parties: (a) the Office of the United States Trustee for the District of Puerto Rico; (b) the indenture trustees and/or agents, as applicable, for the Debtors’ bonds; (c) the entities on the list of creditors holding the 20 largest unsecured claims against COFINA; (d) counsel to the statutory committees appointed in these Title III cases; (e) the

⁴ The Oversight Board reserves the right to seek further extensions of such deadline.

Office of the United States Attorney for the District of Puerto Rico; (f) counsel to the Oversight Board; (g) the Puerto Rico Department of Justice; (h) the Other Interested Parties;⁵ (i) all parties filing a notice of appearance in these Title III cases; and (j) Movants. A copy of the motion is also available on the Debtors' case website at <https://cases.primeclerk.com/puertorico/>.

15. The Debtor submits that, in light of the nature of the relief requested, no other or further notice need be given.

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⁵ The "Other Interested Parties" include the following: (i) counsel to certain of the insurers and trustees of the bonds issued or guaranteed by the Debtors; and (ii) counsel to certain ad hoc groups of holders of bonds issued or guaranteed by the Debtors.

WHEREFORE the Oversight Board requests the Court enter the Proposed Order and grant it such other relief as is just and proper.

Dated: February 10, 2021
San Juan, Puerto Rico

Respectfully submitted,

/s/ Martin J. Bienenstock

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Exhibit A

Proposed Order

UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et al.*,

Debtors.¹

PROMESA

Title III

No. 17 BK 3283-LTS

Re: ECF Nos. 14987, 15468

(Jointly Administered)

**ORDER GRANTING URGENT MOTION OF THE FINANCIAL
OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO
REQUESTING EXTENSION OF DEADLINES FOR SUBMISSION OF
PLAN OF ADJUSTMENT OR TERM SHEET WITH RESPECT THERETO**

Upon the *Urgent Motion of Financial Oversight and Management Board for Puerto Rico Requesting an Extension of Deadlines for the Submission of a Plan of Adjustment or a Term Sheet with Respect Thereto* (the “Extension Motion”);² and the Court having found that the relief requested in the Extension Motion is in the best interests of the Debtors; and the Court having found that the Debtors provided adequate and appropriate notice of the Extension Motion under the circumstances and that no other or further notice is required; and the Court having reviewed

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² Capitalized terms used but not otherwise defined herein have the meanings given to them in the Extension Motion.

the Extension Motion; and the Court having determined that the factual bases set forth in the Extension Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is **HEREBY ORDERED THAT:**

1. The requested relief in the Extension Motion is granted as set forth herein.
2. The February 10, 2021 deadlines set forth in the Scheduling Orders for the Oversight Board to file the Informative Motion and a proposed plan of adjustment are extended to and including **March 8, 2021**.
3. This Order resolves Docket Entry No. _____.

Dated: _____, 2021

HONORABLE LAURA TAYLOR SWAIN
UNITED STATES DISTRICT JUDGE